

Testimony before the Energy and Technology Committee
SB 1080, "An Act Concerning the Regulation of Propane"
March 8, 2011

Good afternoon Senator Fonfara, Representative Nardello, Senator Witkos, Representative Hoydick and members of the Energy and Technology Committee.

My name is Arthur Anderson. I live in Hartford and I am a general partner in a partnership which owns Country Place of Colchester, a 194-unit rental housing development which has about 30 underground propane tanks that provide the fuel for heat, hot water and cooking.

I am here today in support of SB1080 because I believe it will lead to more competitive propane pricing.

Lots of us think propane is all about that tank we can take anywhere we want to get filled and put back onto the grill just in time to cook the hamburgers. However, most of the tens of thousands of Connecticut households who use propane for heat, hot water and cooking do not have the option of shopping for propane because, according to the Legislative Program Review and Investigations Committee staff, over 90% of those households have leased or rented tanks. Therein lays the crux of the problem.

I am not sure if it is regulation or simply industry tradition that dictates what I will call the "one dealer" practice -- which means that only the tank's owner can fill its tank. Because 90% of tanks are rented, those consumers have almost no financially feasible way of getting competitive prices.

In an effort to justify this "one dealer" practice, the propane industry espouses concerns about safety factors which, I believe, they believe may arise if a dealer with poorly-trained employees fails to properly fill or inspect the equipment or if that equipment was improperly installed. They also argue that assigning liability might be difficult without the "one dealer" practice. While those dealers will not fill a tank owed by another dealer, they have no problem filling tanks owned by non-dealers. Therefore, the liability and safety specters are suspect.

Proper training and inspection, governed by real regulations, seems to be a reasonable solution. If any regulated dealer could fill any certified tank, that would mean that the tank's owner could collect a reasonable rental and the consumer would have supplier options and, as a result, competitive pricing.

I am certain that a staff with propane industry expertise can craft and administer fair regulations which address not only the safety and liability issues but also promote good business practices and robust competition.

The propane dealers provide a valuable and essential service. Limited regulation and nearly toothless oversight have led us to a cartel-like system. Simply put, all of Connecticut's propane consumers deserve the product pricing options enjoyed by their gas-grilling brethren.

Thank you for allowing me the opportunity to express my views.